

February 3, 2014

Board of Governors of the Federal Reserve System:

Re: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies – Docket No. OP-1465

Dear Board:

Thank you for the opportunity to comment on the above proposal. As a community bank we feel it is important to make you aware of our support for the intent of the proposals, but also our concern with the potential outcome should they become law.

We recognize the importance and are committed to diversity and inclusion, appropriate and fair employment and procurement practices, and public transparency to these issues.

Banks and particularly community banks come in many forms and serve communities that are greatly diverse. Commercial banks are subject to CRA and fair lending requirements which raises our sensitivity to diversity. It is important that the agencies recognize the unique characteristics of individual institutions, including asset size, number of employees, income, geographic location and community characteristics, and customer base.

The banking industry has for many years demonstrated sensitivity to the mandates of diversity and has a clear and established record.

Therefore, given the great breadth and variety of communities across the United States, it would be inappropriate to implement a one-size-fits-all approach. Maintaining flexibility in the proposal is critical to let individual institutions adapt to the unique nature of their own markets and geographical setting, similar to the performance context used for CRA evaluations.

We therefore ask that you consider that The Dodd-Frank statutory provision is limited and we support the agencies recognition that examination or supervisory assessment is not appropriate. We believe the statutory mandate is limited to “assessing the diversity policies and practices of entities regulated by the agency”.

We support the conclusion by the agencies not to include this as part of the examination process (doing so would be complex, burdensome, unduly complicated and very likely create unintended consequences). We ask that you consider the following:

- We believe self-assessment is appropriate against standards that are flexible enough to encompass the differing concepts of diversity and inclusion that are relevant to the varied communities we serve. However, anything approaching a mandate violates and is contrary to the statute.
- Banks are already subject to EEO or OFCCP requirements, those reports should be acceptable to meet the needs of Dodd-Frank section 342 (it is important to recognize that this data is already protected for public policy reasons and any information here should be similarly protected for the same reasons).
- As banks conduct a self-assessment, similar to the safe harbor established by Regulation B (the ECOA), the agencies should ensure the confidentiality of any data collected.

We also believe the standards should not cover elements of procurement or contracting as these are beyond the statutory provisions. Only banks subject to EEO-1 and Executive Order requirements should address contracting—and then only to the extent of those requirements which are again subject to recognized confidentiality.

Community banking continues to meet the small business needs of communities across the country. We at Bank of Utah are no different and are confident we will be successful and relevant going forward. Thank you for the opportunity to comment on these important standards.

Sincerely,

Douglas L. DeFries
President and CEO
Bank of Utah
Ogden, Utah